

**FRANCHISE TAX BOARD  
MINUTES  
JUNE 27, 2001**

The Franchise Tax Board met in open session at 10:00 a.m. at the State Board of Equalization, 450 N Street, Hearing Room 121, Sacramento, California. Present were Hon. Kathleen Connell, Hon. Claude Parrish, Annette Porini representing Hon. B. Timothy Gage, and Marcy Jo Mandel<sup>1</sup> representing Hon. Kathleen Connell.

**Franchise Tax Board**

**Staff Participating:** Gerald H. Goldberg, Brian W. Toman, Kathleen Cooke, Jon Jensen, Brian Putler, Frank Lanza, Mark McEvelly, Phil Spielberg, Craig Swieso, and Claudette Romo.

**Others Participating:** Alexander P. Ashford, from Chevron Corporation; Lenny Goldberg, Lenny Goldberg & Associates; Richard Harris, Attorney; William J. Hillstrom, Jr., Fremont General Corporation; Dwayne M. Horii, Rodriguez, Horii & Choi, representing Fremont General Corporation; Charles W. Petz, CPA, Petz Enterprises, Inc.; Timur Taluy, from FileYourTaxes.com; Jeffrey M. Vesely, Pillsbury Winthrop, representing Chevron Corporation; and John A. Woodard, from Intuit.

**Item 1. – Approval of Board Minutes**

The minutes of the May 2, 2001, Franchise Tax Board meeting were unanimously approved.

**Item 2. – Legislative Matters**

The following positions for bills were approved 2-0 (Ms. Porini abstaining):

<u>Legislative Bill</u>	<u>Board Position</u>	<u>Legislative Bill</u>	<u>Board Position</u>
ABXX 2	Oppose unless amended	AB 402	Support
ABXX 29	Neutral if amended	AB 727	Support
SBXX 71	Neutral if amended	AB 898	Support
SBXX 1	Oppose	AB 902	Support
SBXX 17	Support	AB 952	Support
SBXX 54	Neutral if amended	AB 983	Neutral
SBXX 75	Support	AB 1036	Support
AB 44	Support	AB 1370	Support
AB 60	Support	AB 1596	Neutral
AB 110	Support	SB 147	Support
AB 192	Neutral	SB 168	Support if amended
AB 238	Support	SB 987	Neutral
AB 278	Support		

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<sup>1</sup> Ms. Mandel chaired the meeting during a portion of the hearing regarding Chevron Corporation's petition for relief under Revenue and Taxation Code section 25137.

The Board took no position on SBXX 38, AB 25, SB 205 and SB 415. The Board also received an update on pending legislation including energy-related measures.

**Item 3. - Year-to-Date Tax Receipts**

Phil Spilberg presented a status report on FTB's year-to-date tax receipts.

**Item 4. – E-Filing Agreements**

Frank Lanza presented a report on the 2000 filing season and e-filing agreements.

**Item 5. – Regulation Matters**

This agenda item was postponed to a future FTB meeting.

**Item 6. – Innocent Spouse**

Kathleen Cooke presented a report on matters related to the tax treatment of innocent spouses. Chair Connell, joined by the other Members, asked staff to pursue initiatives to improve the awareness of family law practitioners, mediators, and judges concerning provisions of existing law regarding tax issues in connection with divorce. The Chair also indicated her support for legislation to authorize the offset of delinquent spousal support obligations against state income tax refunds.

**Item 7. – Revenue & Taxation Code Section 25137 Petitions**

a. Chevron Corporation

Upon motion of Chair Connell, the Board voted 2-1 (Ms. Porini voting no) to approve the petition, with the following modification: Adjust the formula to include 50 percent of the Caltex factors to better reflect Chevron's business in California.

b. VI&A

This agenda item was withdrawn.

c. Fremont General

The Board voted 2-0 (Member Parrish abstaining) to deny the petition.

**Item 8. – Applications for Voluntary Disclosure**

The Board unanimously approved the anonymous Applications for Voluntary Disclosure pursuant to Revenue and Taxation Code section 19191.

**Item 9. – Child Support**

The Board received an update on the Child Support Program and agreed to receive updates in the future.

**Item 10. – Administrative Matters**

a. Contracts – Form 9s

The Board unanimously approved the Form 9 contracts.

b. Contracts – Over \$1 Million

The Board unanimously approved these contracts.

c. FY 2002/03 Capital Outlay Budget Change Proposals

The Board voted 2-0 (Ms. Porini abstaining) to approve these proposals.

d. FY 2002/03 Budget Development – Conceptual approval of Budget Change Proposals

This agenda item was postponed.

**Item 11 – Executive Officer’s Time**

No issues were discussed under this agenda item.

**Item 12 – Board Members’ Time**

Member Parrish moved to have the Ceridian matter placed on the agenda for the next meeting of the Board. The motion died for lack of a second..

The Board unanimously approved all Board Secretary/Employee Recognition Resolutions: (Katie Horn, Board Secretary, Charles D. Bollman, Johnnie L. Corlew, Kathy J. Devilbiss, Beverly V. Dong, Sandra I. Dyson, Elaine P. Esquivel, Rebecca A. Hazelwood, Michael R. Jordan, Karen M. Manassero, Susan A. Moreno, Rodolfo S. Pulmones, Roberta L. Stover, Frank M. Tom, Loesje W. Wagner.)

On behalf of the Chair, Chief Counsel Brian Toman announced the agenda for the Closed Session pursuant to Government Code section 11126.3.

The meeting adjourned at 12:36 p.m.